

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7380**

**BILL NUMBER:** HB 1396

**NOTE PREPARED:** Jan 14, 2004

**BILL AMENDED:**

**SUBJECT:** Legislative Office of Accountability.

**FIRST AUTHOR:** Rep. Bosma

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill replaces the Legislative Council's evaluation and oversight of agencies and programs with the nonpartisan Legislative Office of Accountability. It provides that the Office, under the supervision of the Legislative Council, would conduct financial, operational, and performance audits of state agencies and instrumentalities.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** The bill would require changes to the current oversight program that may result in increases in administrative costs or neutral cost impact, depending upon the work plans implemented by the Legislative Council.

Under current law, the Legislative Evaluation and Oversight Policy Subcommittee (LEOPS) of the Legislative Council identifies agencies and programs to be reviewed by staff. LEOPS assigns the evaluation to an interim committee to review audit reports, take testimony, and make recommendations for legislation or administrative changes. Legislative Services Agency has one full-time position dedicated to completing performance audits.

The bill would repeal the sections governing the current evaluation process and would instead establish the Legislative Office of Accountability. The Office would conduct, under the direction of the Legislative Council, audits of state agencies and issue reports to the Legislative Council and the Governor. The Legislative Council would establish the qualifications for Office personnel and would determine and direct the work plan of the Office. Audits are to be completed in accordance with Generally Accepted Governmental Auditing Standards (GAGAS).

To the extent that a current full-time position would be eliminated and the Legislative Council employed one personnel for the Office, costs could remain unchanged. Ultimately, the costs of the Office will depend on the actions of the Legislative Council. It should be noted that GAGAS indicates that auditors engaged to perform financial audits or attestation engagements should be Certified Public Accounts (CPA) or work for a licensed CPA firm or government auditing organization.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Legislative Service Agency.

**Local Agencies Affected:**

**Information Sources:** *Government Auditing Standards, 2003 Revision*, Comptroller General of the United States.

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